

# **Exhibit 3**

**From:** Freeman, Roger  
**Sent:** Wed, 17 Sep 2008 13:08:51 GMT  
**To:** McDade, Bart; Donini, Gerald; Cunningham, Richard; Corcoran, Joseph J; Nagpal, Ajay; Whalen, Patrick J; Linde, Stuart M; Mattu, Ravi; Meyers, William (EQR); Gillin Lefever, Ann; Gresdo, Stephen J; Johnston, Eric; Everett, James; Abrahamsen, Ryan; Bertrand, Eric; Kramm, Alex; Truong, Steven M; Goldberg, Jason; Harting, Bruce W; Gelb, Jay; Berg, Eric; Jao, Andrea; Gross II, Richard G; Cornell, Robert; Chase, Gary; Freeman, Roger  
**Subject:** Barclay's Conference Call Highlights From This Morning  
**Importance:** High

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Feel free to follow-up if you have additional questions or to pass along to anyone else who would be interested.

#### HISTORY OF DEAL

- \* Looked at LEH months ago, but they were only interested in it at the right price
- \* Did intense due diligence late last week and over the weekend.
- \* They have approval from key shareholders who have committed to buy more stock

#### RATIONALE FOR THE DEAL

- \* Strong franchise at a great price
- \* BARC believes the advantage goes to those with a universal banking model with capital markets businesses that are well integrated
- \* BARC believes there will be continued consolidation, particularly between investment banking and investment management and wants to have strong global presence in wealth, asset management and investment banking.

#### WHAT IS BEING ACQUIRED

- \* Trading assets of \$72bn, liabilities of \$68bn
- \* Risk-weighted assets being acquired are only \$15bn, \$13.5bn of which is trading assets (suggesting a low 18% risk-weighting across the trading assets) and \$1.5bn for the real estate acquired.
- \* Of the \$72bn in assets acquired, risks are quite low as the vast majority are quoted equity and debt, government debt, agency debt, derivatives and cash in addition to the matched book.
- \* There is a small amount of mortgage paper (< 5% of total assets), but this has been heavily marked including once more in conjunction with this transaction. Management noted that since it had done extensive due diligence over the weekend, it was in a position to know exactly which assets to bring over when it came time to making those decisions.
- \* When asked why the net assets acquired were such a small fraction of the LEH balance sheet (essentially just a little more than 10%) relative to the number of people being brought over, BARC indicated that a significant number of positions have run off over the last week. In essence, LEH saw dramatic balance sheet shrinkage over the last week. Of course, the illiquid assets remain behind. BARC plans to ramp risk-weighted assets back up, but it will happen over time, not immediately.
- \* 10,000 employees
- \* Core of old LEH broker-dealer including all infrastructure
- \* LEH HQ and 2 data centers
- \* Cash consideration is \$250mm.
- \* Total consideration (incl real estate) of \$1.75bn

#### REVENUES OF LEHMAN BUSINESSES BEING ACQUIRED

\* BARC indicated that the revenue generating capacity of the businesses being acquired is about half of what LEH has done historically.

#### RELATIVE STRENGTHS AND WEAKNESSES

\* BARC noted LEH rel strength in (1) cash equities and origination franchise (2) credit trading and research and (3) M&A. Specifically, BARC labeled the US cash equities franchise as a "machine" and suggested the integrated sales, trading, research and investment banking platform at LEH is stellar and does not want to interfere with it. BARC was highly complementary of existing cash equities management.

\* BARC considers its own rates, currencies, commodities and IG debt businesses as stronger than LEH's.

\* Other businesses such as leveraged finance can together be stronger players.

#### NON-US INTEREST

\* BARC said it is in active discussions to bring equivalent talent in the integrated sales, trading, research and investment banking platform in Europe into the combined organization. They understand that they need to act fast on this.

#### APPROVALS

\* BARC has the blessing of the FSA and has already received approvals from the SEC. Only outstanding approval is from the bankruptcy court, and management wouldn't comment on the likely outcome of those proceedings for obvious reasons.

#### INTEGRATION

BARC plans to move swiftly to integrate, suggesting it will be done over a couple of weeks and expects everyone to be "adults" about it. That said, management emphasized the highly complementary nature of the transaction.

#### CAPITAL REQUIREMENTS

\* This transaction, due to \$2bn in after-tax negative goodwill is accretive to capital ratios immediately.

\* BARC is planning to raise \$1bn in additional equity, half of which will be to grow the business and half of which will be to build an extra capital buffer relative to target ratios (presumably to shield against potential future writedowns)

\* Will be accretive to earnings in year 1 including the impact of the additional capital raise

\* BARC views this as a high ROE transaction

#### RETENTION

\* BARC believes LEH and BARC have shared vision and values

\* BARC believes in pay for performance and believes that is aligned with LEH culture. No more specifics were discussed.

Regards,

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